MAY 31, 2016 MINUTES SPECIAL WHEATLAND CITY COUNCIL MEETING WHEATLAND COMMUNITY CENTER 101 C STREET, WHEATLAND, CA 6:00 – 8:39 P.M.

COUNCIL MEMBERS PRESENT: R. Coe, J. Henderson, J. Pendergraph, R. West

L. McIntosh

OTHERS PRESENT G. Greeson, City Manager

R. Miller, Administrative Services Director

K. Gonzalez, City Attorney
D. Schilling, City Engineer
J. Waggershauser, Fire Chief

PLEDGE OF ALLEGIANCE:

Council member R. West led the pledge of allegiance.

PUBLIC COMMENT

None.

CONSENT CALENDAR

It was moved by council member R. West, seconded by R. Coe to approve the minutes from the regular City Council meeting on April 26, 2016. Vote called – AYES: All. Motion carried.

REGULAR CALENDAR

1) D. Schilling presented discussion of the Resolution to apply for Small Community Grant Funding for Flood Protection Projects. The California Department of Water Resources (DWR) will be accepting applications for Small Community Grant Funding for flood protection activities for agencies protected by the State Plan of Flood Control. In the Wheatland area this is the Bear River Levee and Dry Creek Levee. This grant funding will cover the preparation of feasibility studies to reduce flood risks in small communities like the City of Wheatland and the surrounding unincorporated area. Feasibility studies typically include analysis, improvement recommendations, and estimated costs for levee improvements to provide 100 year flood protection. The Small Communities Flood Risk Reduction (SCFRR) Program was created as a result of the adoption of the 2012 Central Valley Flood Protection Plan (CVFPP) and is intended to invest in qualifying projects that reduce flood risks for small communities. As specified in the CVFPP, small communities are defined as developed areas with fewer than 10,000 residents, which do not fall in the category of urban. Small communities are required to meet the Federal Emergency Management Agency (FEMA) standard "100-year" level of flood protection (defined as protection from a flood with a 1-in-100 probability of occurrence in any given year) for property located within the flood hazard zone. This program will help small communities and counties conduct feasibility studies and future design and construct projects with proven feasibility. The selected projects under the SCFRR Program will first conduct a feasibility study of structural and/or nonstructural alternatives for providing 100-year flood protection for small communities. The structural alternatives could lead to the design of projects to repair, rehabilitate, reconstruct, or replace SPFC facilities to improve flood protection. Projects must incorporate CVFPP principles and contribute to the applicable integrated water management plan objectives, which target public safety, economic stability, and ecosystem vitality. Investments will only be made for projects that reduce flood risks in small communities protected by SPFC facilities. In addition, funded projects should be consistent with applicable regional flood management plans and make significant progress toward the following; help the small community to attain FEMA's standard level of flood protection through the: full compliance with the existing laws; promotion of flood risk management actions that will reduce flood risk to people and property protected by the SPFC; land use planning in the floodplains protected by the SPFC which through the evaluation of potential future development, will not increase the State's liability; advancement of flood protection for small communities while evaluating and considering multi-benefit projects that integrate other resources' needs (water supply, ecosystem, recreation, open space, effective flood emergency response, protection of State facilities, storage, etc.), as much as possible; and support for the ability of the flood management system to adapt to changing conditions (hydrologic, climate change, social, political, regulatory, or ecological conditions), where feasible, and its capacity to continue to function and recover quickly after damaging floods; supports a system-wide approach to flood management that improves flood system resiliency and sustainability; improves operations and maintenance and emergency response; promotes ecosystem functions and improves institutional support. A resolution is required to be included in the City's application for Small Community Grant Funding. The exact deadline for the applications is not known yet, but expected to be sometime in June 2016. Staff would also reach out to Yuba County, Yuba County Water Agency, Reclamation District 817 and Reclamation 2103 in an effort to collaborate and potentially team on future flood protection projects.

J. Henderson questioned if there have been feasibility studies. Schilling explained there are two potential projects; looking at the feasibility of enhancing the Dry Creek Levee to be certified and the Bear River Levee improvement to a 200 year level.

It was moved by Council member R. Coe, seconded by R. West to approve **Resolution No. 08-16 Authorizing** the City Manager to Submit an Application for Funding to the Department of Water Resources for Flood Protection Feasibility Studies and Enter into Collaborative Discussions with Other Surrounding Agencies. Vote called – AYES: All. Motion carried.

2) R. Miller presented discussion of the Wheatland-Premier Grove Landscaping and Lighting District Engineers Report and public hearing date for proposed assessments. SCI Consulting Group Consulting group submits the annual Engineer's Report for the Wheatland-Premier Grove Landscaping and Lighting District each year in order for the City Council to re-establish the appropriate assessments for the services provided to these areas and this year the report reflects a 3.17% CPI increase to the assessments. The Resolution generally describes the services to be provided through these assessments and establishes a public hearing date of June 24, 2016 where action to formally set these rates would be taken. The action proposed tonight only sets the hearing date.

It was moved by Council member R. West, seconded by J. Henderson to adopt Resolution No. 09-16 of the Intention to Levy Assessment for Fiscal Year 2016-17, for the Wheatland-Premier Grove Landscaping and Lighting Assessment District (Including Park Place Annexation), Preliminarily Approving Engineer's Report, and Providing for Notice of Hearing. Vote called - AYES: All. Motion carried.

PUBLIC HEARING

1) G. Greeson presented discussion of consideration of adopting an Interim Urgency Ordinance Establishing a Temporary Moratorium on Massage Establishments. In 2009, the Legislature passed Senate Bill 731 which created the California Massage Therapy Council ("CAMTC"), a new entity with regulatory authority over the certification of massage practitioners throughout the state. SB 731 created uniform standards for these practitioners through a voluntary certification process and also imposed limitations on the authority of cities to regulate and restrict massage establishments. In 2011, the Legislature passed Assembly Bill 619 ("AB 619"),

which further restricted cities' ability to regulate massage establishments. Under specified circumstances, SB 731, as amended by AB 619, preempted cities and counties from imposing many land use controls pertaining to the regulation of massage establishments by transferring the local regulation of massage establishments and massage practitioners to CAMTC. Since the enactment of SB 731 and AB 619, many jurisdictions throughout the state have seen an increase in the number of massage establishments as a whole, as well as increases in illicit establishments which engage in prostitution and sex trafficking. The increase in such illicit activity has been found to be largely due to the requirement that massage establishments not be regulated more strictly than other land uses that provide professional services, in addition to inadequacies in CAMTC's certification criteria and enforcement practices. The presence of massage establishments that engage in illicit activities changes the character of neighborhoods, causes blight, and impacts the local economy, as legitimate businesses refuse to operate or locate next to or near such illicit uses. Moreover, these establishments threaten the public health, safety, and welfare in that they operate as fronts for prostitution and potential sex trafficking operations. In 2014, the Legislature passed Assembly Bill 1147 ("AB 1147"), the Massage Therapy Act of 2014, which took effect on January 1, 2015. AB 1147 restored significant local land use authority over massage establishments by removing SB 731's provisions preempting local massage regulations and giving cities and counties greater authority to impose reasonable regulations on massage establishments. In recent months, the City has received business license applications from massage establishments that desire to operate within City limits. Because the City does not have a regulatory scheme in place for such establishments, the City has been compelled to process these applications using the City's conditional use permit procedures, but without the safeguards of having massage establishment-specific regulations in place. In light of the enforcement issues encountered by other jurisdictions with respect to their regulation of massage establishments and a foreseeable, anticipated increase in business license applications from massage establishments that desire to operate within the City, staff desires to amend the Code by adopting new zoning, land use, and business licensing regulations for massage establishments and massage practitioners that are consistent with AB 1147 to protect the health, safety, and general welfare of all persons from the negative effects attributable to the potentially illicit activities of massage establishments. Staff believes declaration and establishment of this moratorium is necessary to ensure that the City's regulation of massage establishments and massage practitioners is not deemed inconsistent with AB 1147, and it is therefore urgently necessary that this ordinance take effect immediately to protect the public health, safety and welfare and to prevent new uses that are inconsistent with the regulations that the City plans to adopt. This ordinance complies with State law and imposes reasonable regulations that the City Council concludes are necessary to protect public safety, health and welfare of residents and businesses within the City. This ordinance is consistent with the City's General Plan, the Code, and other applicable zoning ordinances and regulations. If adopted, this urgency interim ordinance would become effective immediately after it is adopted by the City Council and shall remain in effect for 45 days after it is adopted, unless the City Council extends the effective period of the ordinance in the manner prescribed by Government Code section 65858, subdivision (a). Further, as this is an urgency ordinance, it requires a four-fifths vote to pass.

R. West questioned if the ordinance keeps the City compliant with current laws that have passed. Greeson responded yes.

Public Comment

None.

It was moved by Council member J. Henderson, seconded by R. Coe to **adopt Ordinance No. 459 an Urgency Interim Ordinance Establishing a Temporary Moratorium on Massage Establishments**. Vote called – AYES: All. Motion carried.

2) G. Greeson presented discussion of the request for waiver of Development Impact Fees by Applicant

Wayne Bishop for proposed addition to the existing cider mill at Bishop's Pumpkin Farm. On May 16, 2014, Wayne Bishop ("Applicant") submitted plans to the City for an 1880 square foot addition to a Cider Mill, an existing structure on his property located at 1415 Pumpkin Lane and commonly known as Bishop's Pumpkin Farm. In February 2016, following several re-submittals of information related to this addition and after staff's review of the submitted information, development impact fees totaling \$43,072.98 were assessed by the City pursuant to the Chapter 3.26 of the City's Municipal Code (Ordinance 400, adopted in April 2007). In March 2016, City staff met with the Applicant at his request and explained how the development impact fees were assessed, why the City imposes such fees, and for what purposes the fees are utilized. Also discussed were the Development Agreement entered into by the City and the Applicant on January 11, 2011 concerning development at Bishop's Pumpkin Farm ("2011 Agreement"); the amounts of property taxes, sales taxes and admissions taxes that have been paid by the Applicant to the City since annexation of Bishop's Pumpkin Farm to the City; and the differences among the various fees charged by the City for construction within City limits (specifically, the distinction between building permit fees and development impact fees). In addition, City staff explained to Applicant the process for requesting, from the City Council, a deferral, waiver, or reduction of development impact fees. At a subsequent meeting with the Applicant on March 22, 2016, the Applicant presented City staff a "Formal Request for Waiver of City Development Impact Fees" for the Cider Mill addition (Exhibit A). Section 3.26.070 of the City's Municipal Code details the procedures for requesting deferrals, waivers and reductions in the City's imposition of development impact fees. It provides; upon written request filed by a property owner prior to the due date for payment of any development impact fee, the city council may grant deferral, waiver or reduction of any development impact fee. A deferral, waiver or reduction may be granted only after notice and hearing if, in the opinion of the city council, properly supported by specific findings and evidence, deferral would provide for a more fair and equitable financing arrangement to be developed and imposed, or a waiver or reduction is necessary or appropriate because imposition of the fee or fee in full would be unlawful or would result in substantial inequities. Findings must be based on written and other evidence submitted by the property owner substantiating the owner's contention that the fee should be deferred, waived or reduced. The owner shall bear the burden of proof to demonstrate that a deferral, waiver or reduction is necessary or appropriate. . . . In the case of waiver or reduction, findings must include facts supporting the waiver or reduction including, without limitation, findings that: (1) the owner will receive insufficient or no benefit from the fee imposed and would therefore be required, if the fee were imposed in full, to pay more than its fair share for the benefit received; or (2) imposition of the fee or full fee would be unlawful in the particular circumstances. The city by resolution of the city council may adopt a fee for the processing of an owner request for a fee deferral, waiver or reduction. (Ord. 400 § 5, 2007). Therefore, as Council considers the Applicant's request for a waiver of all applicable development impact fees and the staff's recommendation of a reduction in lieu of a waiver, the Council must determine that; (1) imposition of \$43,072.98 would be unfair to Applicant because the benefits to be received by Applicant from the Cider Mill addition would not be proportional to the development impact fee imposed; or (2) imposition of the full \$43,072.98 amount would be unlawful under the circumstances. As discussed, because imposition of this amount on Applicant meets the first condition, Council has the requisite justification for reducing the development impact fee amount charged to Applicant for the Cider Mill addition. City staff met with the Applicant several times to discuss and evaluate the Applicant's reasons for requesting a waiver of all development impact fees applicable to the Cider Mill addition. Each of the points raised by Applicant in his letter and City staff's response to each point are; the Applicant requests a waiver of development impact fees "for our proposed Cider Mill Addition, Engineered Wagon Barn, and future building projects over the life of the Development Agreement we have in place with the City" beyond the Cider Mill addition to include a "blanket waiver" of ALL "future building projects over the life of the Development Agreement". Staff responded that as a preliminary matter, because development impact fees are assessed by the City for each specific construction project as a condition for approval of that project, City staff has accepted only Applicant's appeal of the development impact fees imposed for the Cider Mill addition. City staff has informed the Applicant that future construction projects at his property will be subject to development impact fees, and thus subject to negotiations for potential reductions, waivers or deferrals, at the time that an application for a specific construction project is submitted to the City; the

Applicant asserts that the "imposition of Development Impact Fees would result in substantial inequities" because the "Admissions Fee" collected by the City already is adequate to pay for all impacts arising from the operation of Bishop's Pumpkin Farm. The Applicant further contends that collecting development impact fees, in addition to the Admissions Fee, constitutes "double billing." Staff responded that the 2011 Agreement outlines the two types of fees that Applicant must pay to the City in its Section 4: City fees (which include (1) processing, inspection, checking, and monitoring fees; and (2) development impact fees); and the Admissions Fee. Section 4.1.2 of the 2011 Agreement provides that, "for any future development and building on the Property, Property Owner agrees to pay . . . the City development impact fees in accordance with Wheatland Municipal Code chapter 2.27 . . . in the applicable fee types and amounts in effect at the time of building permit issuance . . . and the excise tax on new development in accordance with Wheatland Municipal Code chapter 3.30." In contrast, the Admissions Fee is described in section 4.2.1 of the 2011 Agreement as the fee required to pay for the City's provision of police, street maintenance, and other municipal services to Bishop's Pumpkin Farm and its patrons because both the City and the property owner (i.e., the Applicant) recognize that the property tax, sales tax, and other revenue that the City stands to receive from the property will be inadequate to pay for these services. Contrary to Applicant's assertions in his letter, the City and the Applicant both acknowledged that other fees and charges to be paid for by the Applicant, including the development impact fees (which falls within the phrase "other revenue" in section 4.2.1 of the 2011 Agreement), will be insufficient to pay for all of the City services required by the operation of Bishop's Pumpkin Farm. The fact that the 2011 Agreement clearly spells out the requirement that Applicant must pay the Admissions Fee and the development impact fees is sufficient to demonstrate that the Applicant is subject to both types of fees. Moreover, the Applicant has informed staff that inclusion of the Admissions Fee in the 2011 Agreement resulted from his rejection of an earlier proposal by the City, at the time that the 2011 Agreement was being negotiated, that the Applicant remit to the City a portion of the revenues received by Bishop's Pumpkin Farm from parking fees imposed on patrons who visit the property. Further negotiations between City staff and the Applicant following this proposal yielded a compromise: payment of an Admissions Fee to the City in an amount equal to 5 percent of any admission charge collected by the Applicant from patrons for the right or privilege to participate in the events held at the property, in addition to all of the other fees to be collected by the City concerning operations at Bishop's Pumpkin Farm. The City and the Applicant negotiated the 2011 Agreement in good faith, and the terms of that agreement reflect the intentions of both parties at the time that it was executed. Because future revenues from Bishop's Pumpkin Farm were deemed to be inadequate, the Applicant agreed to an imposition of the Admissions Fee. Applicant's contention that collecting both the development impact fee and the Admissions Fee results in "double billing" therefore is without merit; the Admissions Fee is intended to pay for City services that other revenues, including development impact fee revenues charged by the City against future development on Applicant's property, are insufficient to cover; the Applicant contends that the City somehow misled him during negotiations of the 2011 Agreement because, in response to his request that the City provide him "all costs for issuance of building permits," the information provided to him by the City did not include the development impact fees. As evidence, the Applicant enclosed with his letter a copy of a "fee estimate" that supposedly was provided by the City during that time (Applicant's letter is "Exhibit B"). Staff responded the "Wheatland Fee Estimate" provided by the City to the Applicant in 2011 clearly is an estimate of total building fees to be charged by the City for the construction projects contemplated by the Applicant at that time. The bottom of that page states "Total Permit and Plan Review Fees." Nowhere in the document did the City ever state that the amounts in the estimate covered all fees that the City would impose on the Applicant for development on the Property. In meetings with the Applicant, City staff explained the distinction between building permit fees and development impact fees. While building permit fees are fees imposed for the issuance of a building permit in accordance with the City's then-existing fee schedule (Municipal Code, section 15.02.010) to pay for the costs of processing the permit and related administrative costs, development impact fees are fees imposed by the City in connection with approving a development project to defray the costs of public facilities or services necessitated by the development project, such as the provision of police and fire services (see Gov. Code § 66000(b)). These fees therefore are fundamentally different, and are intended to pay

for different City expenditures; finally, the Applicant asserts that "City Development Impact Fees were not negotiated prior to the Development Agreement, and we have an opportunity to that now." Staff responded that This statement is not accurate. As noted, section 4.1.2 of the 2011 Agreement contains the requirement that the Applicant pay development impact fees for any future development and building on the property and therefore reflects the negotiations between the City and the Applicant of this precise point. Section 4.1.4 of the 2011 Agreement further underscores the fact that discussions concerning development impact fees were an important part of the 2011 Agreement's negotiations. That section provides that "Property Owner agrees not to oppose, protest or challenge City Development Fees to be imposed and collected pursuant to this Agreement." Such a provision likely would not have been included (and approved by both the City and the Applicant) had development impact fees not been the subject of negotiations and compromise. For the reasons described in the City staff responses, staff recommends that Council deny the Applicant's request for a waiver of development impact fees for the Cider Mill addition. Although City staff recognizes that the Applicant makes important contributions to the City through the payment of property taxes, sales taxes, and Admission Fees, these payments do not take the place of development impact fee payments and apply to all businesses wishing to locate within the City. It is important to note that property tax and sales tax revenues are placed in the City's General fund to pay for the day-to-day operations of the City. In Wheatland, this means that those revenues pays for employee salaries and benefits, streets and parks maintenance, operational costs for the Police Department, the upkeep of City Hall, and the City's contribution to Wheatland Fire Authority. In contrast, development impact fees charged by the City may only be used for specified purposes, must bear a reasonable relationship to the specific projects for which they are imposed, and must bear a reasonable relationship to the purposes for which they are charged. (See Gov. Code § 66001.) Because operations at Bishop's Pumpkin Farm continue to require City services, a waiver of development impact fees on construction and additional development at the property cannot be justified at this time. In lieu of Applicant's request for a waiver and keeping in mind the Council's obligation to make the findings required by Section 3.26.070 of the City's Municipal Code, staff recommends that the development impact fees for the Cider Mill addition be reduced to \$9,562.62. This recommended amount takes into consideration the fact that the Cider Mill addition will be operated by the Applicant primarily as part of the Applicant's annual Pumpkin Farm event, which runs for approximately six weeks each year, and is described in greater detail in the calculation sheet attached hereto as Exhibit B. While there are other events held at the Pumpkin Farm throughout the year, the Applicant has informed City staff that the Cider Mill addition is not intended to be used for those events. This reduced fee reflects the appropriate share of the costs to the City of providing additional services to Bishop's Pumpkin Farm that arise from the Cider Mill addition, and meets Municipal Code section 3.26.070's requirement that imposition of the full development impact fee amount applicable to the Cider Mill addition pursuant to the City's existing fee schedule — \$43,072.98 — would result in the Applicant paying more than his fair share of the benefits received from the fee imposition. It is unusual for cities to apply development impact fees based on peak business times because businesses can, and often do, change owners, schedules, or the types of operations conducted or services offered. Certainly, staff expects the Applicant to look for new and different ways to expand his business in the future. This may, or may not, include other uses (and therefore additional impacts of) of the Cider Mill addition. However, Bishop's Pumpkin Farm has a forty-plus year history of conducting their annual Pumpkin Farm event, which establishes a strong record of use. Moreover, any additional construction or development at the property will be subject to the imposition of development impact fees at the time that the Applicant requests a new building permit. City staff therefore believes that its recommended reduction is fair, necessary, and appropriate. In consideration of the analysis presented, staff is recommending that Council make the findings required by Wheatland Municipal Code section 3.26.070 for a reduction of development impact fees and adopt the resolution approving such a reduction for the Cider Mill addition from \$43,072.98 to \$9,562.62.

Public Comment

Applicant's son, Austin Bishop read a report containing the history of Bishop's Pumpkin Farm; excerpts from the Bishop's Pumpkin Farm Development Agreement with the City, annexation in to the City, Admissions Tax, and the applicants request for a waiver of Development Impact Fees.

Vicki, a resident from Eric Lane, stated that the applicant's request for waiver of Development Impact Fees should be denied by the City and believes that if fees are waived for the Bishops then the City should waive fees for others.

Ricky Schaffer, CEO Yuba-Sutter Chamber of Commerce, stated she supports the Bishops request for the fee waiver because Bishop's Pumpkin Farm economic value to the City is significant and it has improved the local employment rate.

Shelly Stinson, a resident from Olivehurst, local school teacher and business owner, stated she supports the Bishop's request for a complete waiver of fees; they are vital to the community character, agriculture, historical and education value; provide unpaid work experience for students and developing students during the interview process. The City has been collecting 'huge amount of money' off the admissions fee; the business continues to enhance Wheatland and the addition to the Cider Mill will generate revenue. The more improvements the Bishops do the more money the City receives.

Brianne Struckmeyer, Yuba-Sutter Regional Tourism, stated that she supports the fee waiver. The business is good for agritourism and generates employment.

Johanna Lassaga stated she supports the fee waiver for the Bishops; the project is good for other local businesses and the City should let them continue to grow.

Applicant Wayne Bishop stated that although he is grateful to the City for the opportunity to address the City Council with this issue he does not believe that Admissions and Impact fees pay for two different things; Impact fees were not part of the discussion during the agreement negotiations with the City; the Admissions Fee is precedent setting for the City; the Cider Mill is only operational six days of the year; the City's building permitting process takes too long and costs too much. Bishop added that Impact Fees were waived on the last two building permits that were pulled for the Pumpkin Farm.

- D. Webb stated the City makes it too difficult for contractors to pull a building permit.
- R. West stated that people know where Bishop's Pumpkin Farm is and the City is fortunate to have them. West questioned the purpose of the addition of the Cider Mill. Bishop responded that the addition is necessary to accommodate the growing number of public that visit the farm. West added that he is concerned about the increase in traffic when the farm is open and questioned if there will be additional buildings in the future. Bishop responded yes.
- R. Coe stated the economic impact of Bishop's Pumpkin Farm to the community is significant and feels that the building permit fees for the Bishops are too high.
- W. Bishop suggested consideration of forming an Ad Hoc Committee. R. West stated he is in favor of the Ad Hoc Committee to work through issues and come up with an agreement moving forward.
- J. Henderson requested clarification of Impact Fees charged to the Bishops two years ago. Bishop stated he was not charged for Impact Fee. Henderson questioned who is requiring an electrical update. Bishop responded that

during the resubmittal of plans to the City for the Cider Mill addition, the City requested information for the electrical demand of the whole Bishop's Pumpkin Farm Project. Bishop stated that during a meeting with City Manager Greg Greeson, he offered to pay 12% of the original building permit fee cost for the Cider Mill addition, and then thought why should he pay anything?

It was moved by Council member J. Pendergraph, seconded by R. Coe to deny Applicant's requested waiver of all applicable development impact fees for the proposed construction of the Cider Mill addition at Bishop's Pumpkin Farm, deny staff's recommended reduction in the development impact fee amount (from \$43,072.98 to \$9,562.62) to be paid by Applicant, and instead direct staff to form an Ad Hoc Committee to renegotiate the Bishop's Development Agreement. Vote called - AYES: All. Motion Carried. Council member J. Pendergraph requested volunteers for the Ad Hoc Committee, and Council members R. West and J. Henderson were appointed to serve.

REPORTS

- R. Coe reported on the League meeting and discussion related to the homelessness and drought issues in the State.
- D. Schilling reported on a request from the School District for the cross walk issue on Hwy. 65 and First Street and the Safe Routes to School construction update.

CLOSED SESSION

No reportable action.

ADJOURN

There being no further business, Mayor Jay Pendergraph adjourned the meeting at 8:39 p.m.
Minutes approved and adopted this 14 th day of June, 2016.
Jay Pendergraph, Mayor
Lisa J. Thomason, City Clerk